

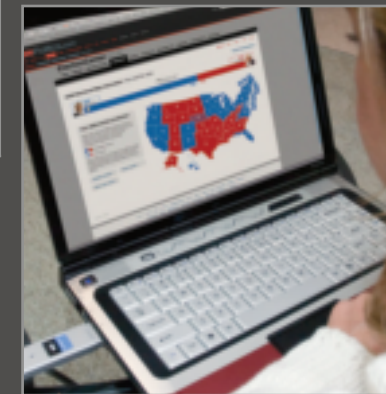
AN ANNUAL REPORT ON AMERICAN JOURNALISM

# THE STATE OF 2009 THE NEWS MEDIA

BY THE PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM



The full report, The State of the News Media 2009, is available online at [www.journalism.org](http://www.journalism.org). In addition to a more comprehensive look at the eight different media sectors, the full online report features a survey of online journalists that reveals how they feel about the future of their profession, a content analysis of more than 70,000 news stories in 2008, a study of citizen media in 46 communities, a special report on lessons learned from the election and more.



THE PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM

1615 L Street, NW, Suite 700 • Washington, DC 20036 • Phone: 202.419.3650 • Fax: 202.419.3699

[www.journalism.org](http://www.journalism.org)

EXECUTIVE SUMMARY

FOR THE FULL REPORT, LOG ON TO [WWW.JOURNALISM.ORG](http://WWW.JOURNALISM.ORG)

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# LETTER FROM THE DIRECTOR

**The State of the News Media 2009** is the sixth edition of our annual report on the health and status of American journalism.

Our goals are to take stock of the revolution occurring in how Americans get information and provide a resource for citizens, journalists and researchers to make their own assessments. To do so we gather in one place as much data as possible about all the major sectors of journalism, identify trends, mark key indicators and note areas for further inquiry.

For each sector of journalism we have produced original research and aggregated existing data into a narrative on the state of journalism that we hope is the most comprehensive anywhere. The report also includes *A Year in the News*, a comprehensive content analysis of media performance based on more than 70,000 stories from 48 news outlets across five media sectors.

Our aim is a research report, not an argument. Where the facts are clear, we hope we have not shied away from explaining what they reveal, making clear what is proved and what is only suggested. When we have drawn conclusions, we hope we have done so only when the data are conclusive and in a way that the conclusions are fully documented. We hope that we are not seen as taking sides. Our intention is to inform, not to persuade. We have attempted, to the best of our ability and within the limits of time, to seek out multiple sources of information for comparison where they exist, and to be as transparent as possible in the process.

The full report is comprehensive, totalling more than 180,000 words. What you are reading here is an executive summary, with key findings in bullet form to offer a quick sketch of each media sector. The full report, available online at [www.journalism.org](http://www.journalism.org), offers a general overview of the state of journalism as well as detailed examinations of eight separate sectors (newspapers, online, network television, cable television, local television, audio, magazines, and ethnic media). It also includes statistical data in an interactive format which allows users to customize their own graphics. In addition, there is an Interactive Topline for our Year in the News study that lets users explore the data for themselves.

This report is the work of the Pew Research Center's Project for Excellence in Journalism, a nonpolitical, nonpartisan research institute. The study is funded by the Pew Charitable Trusts and was produced with the help of a number of authors and collaborators, including Rick Edmonds of the Poynter Institute and a host of industry readers.

Finally, the project could not have been completed without the extraordinary support, both financially and personally, of the Pew Charitable Trusts, particularly Don Kimelman, a trusted editor, and Rebecca Rimel, whose idea this report was in the first place.



Tom Rosenstiel

# OVERVIEW

## 2009 STATE OF THE NEWS MEDIA REPORT BY THE PROJECT FOR EXCELLENCE IN JOURNALISM

Some of the numbers are chilling.

Newspaper ad revenues have fallen 23% in the last two years. Some papers are in bankruptcy, and others have lost three-quarters of their value. By our calculations, nearly one out of every five journalists working for newspapers in 2001 was gone by the end of 2008, and 2009 may be the worst year yet.

In local television, news staffs, already too small to adequately cover their communities, are being cut at unprecedented rates; revenues fell by 7% in an election year—something unheard of—and ratings are now falling or are flat across the schedule. In network news, even the rare programs increasing their ratings are seeing revenues fall.

Now the ethnic press is also troubled and in many ways is the most vulnerable because so many operations are small.

Only cable news really flourished in 2008, thanks to an Ahab-like focus on the election, although some of the ratings gains were erased after the election.

Perhaps least noticed yet most important, the audience migration to the Internet is now accelerating. The number of Americans who regularly go online for news, by one survey, jumped 19% in the last two years; in 2008 alone traffic to the top 50 news sites rose 27%. Yet it is now all but settled that advertising revenue—the model that financed journalism for the last century—will be inadequate to do so in this one. Growing by a third annually just two years ago, online ad revenue to news websites now appears to be flattening; in newspapers it is declining.

What does it all add up to?

Even before the recession, the fundamental question facing journalism was whether the news industry could win a race against the clock for survival: could it find new ways to underwrite the gathering of news online, while using the declining revenue of the old platforms to finance the transition?

In the last year, two important things happened that have effectively shortened the time left on that clock.

First, the hastening audience migration to the Web means the news industry has to reinvent itself sooner than it thought—even if most of those people are going to traditional news destinations. At least in the short run, a bigger online audience has worsened things for legacy news sites, not helped them.

Then came the collapsing economy. The numbers are only guesses, but executives estimate that the recession at least doubled the revenue losses in the news industry in 2008, perhaps more in network television. Even more important, it swamped most of the efforts at finding new sources of revenue. In trying to reinvent the business, 2008 may have been a lost year, and 2009 threatens to be the same.

Imagine someone about to begin physical therapy following a stroke, suddenly contracting a debilitating secondary illness.

Journalism, deluded by its profitability and fearful of technology, let others outside the industry steal chance after chance online. By 2008, the industry had finally begun to get serious. Now the global recession has made that harder.

This is the sixth edition of our annual report on the State of the News Media in the United States.

It is also the bleakest.

Much of what we have noted before holds. The old media have held onto their audience even as consumers migrate online. In 2008, audience gains at sites offering legacy news were far larger than those for new media. The old norms of traditional journalism continue to have value. And when you look at the numbers closely, consumers are not just retreating to ideological places for news. The problem facing American journalism is not fundamentally an audience problem or a credibility problem. It is a revenue problem—the decoupling of advertising from news.

That makes the situation better than it might have been. But audiences now consume news in new ways. They hunt and gather what they want when they want it, use search to comb among destinations and share what they find through a growing network of social media. And the news industry does not know—and has done less than it could to learn—how to convert this more active online audience into revenue. There are growing doubts within the business, too, about whether the generation in charge has the vision and the boldness to reinvent the industry. It is unclear, say some, who the innovative leaders are, and a good many well-known figures have left the business. Reinvention does not usually come from managers prudently charting course. It tends to come from risk takers seeing what others cannot. We did not see much of it when times were better. Times are harder now.

### MAJOR TRENDS

Beyond our broadest conclusions, we identify six new trends emerging in 2009, which build off those we have identified in past years.

- **The growing public debate over how to finance the news industry may well be focusing on the wrong remedies while other**

**ideas go largely unexplored.** Much of the discussion has centered on whether consumers would make micro-payments for on-line content and the possibility of nonprofits assuming ownership of the press. The micro-payment idea, however, was already tried and rejected by users early on and has run headlong into resistance from online advocates. Nonprofit financing, even with ad revenue, may make sense in targeted subject areas—health or investigative reporting, for instance—but it is unlikely that there is enough funding to become a general ownership model. The scale of the commercial media is too large and the potential losses too great. A host of other ideas, with more potential, are worth considering. While hardly a complete list, they include: 1. Adopt the cable model, in which a fee to news producers is built into monthly Internet access fees consumers already pay. News industry executives have not seriously tested this enough to know if it could work, but these fees provide half the revenue in cable. 2. Build major online retail malls within news sites. This could both create a local search network for small businesses and link them directly with consumers to complete transactions, not just offer advertising—with the news operation getting a point-of-purchase fee. 3. Develop subscription-based niche products for elite professional audiences. These are more than subject-specific micro-sites. They are deep, detailed, up-to-the-minute online resources aimed at professional interests, and they are a proven and highly profitable growth area in journalism. There are other ideas as well, including news companies collaborating to seriously challenge aggregators, especially Google, to start sharing more revenue. Several new revenue streams most likely are needed. The closest thing to a consensus right now is that no one source is a likely magic bullet.



## THE SHIFT REFLECTS THE NEWS INDUSTRY MORE FULLY RECOGNIZING THE VIRAL NATURE OF THE WEB AND THE RISE OF SOCIAL MEDIA.

■ **Power is shifting to the individual journalist and away, by degrees, from journalistic institutions.** The trend is still forming and its potential is uncertain but the signs are clear. Through search, e-mail, blogs, social media and more, consumers are gravitating to the work of individual writers and voices, and away somewhat from institutional brand. Journalists who have left legacy news organizations are attracting funding to create their own websites. Experiments like GlobalPost are testing whether individual journalists can become independent contractors offering reporting to various sites, in much the way photographers have operated for years at magazines. It would be a mistake to overstate the movement at this point. But for a few journalists at least, there are signs of a new prospect: individual journalists, funded by a mix of sources, offering expert coverage to many places. The movement offers the possibility of more skilled reporting from the field. Yet it would also require consumers to be discriminating and raises questions about how news organizations would ensure quality and reliability.

■ **On the Web, news organizations are focusing somewhat less on bringing audiences in and more on pushing content out.** The shift reflects the news industry more fully recognizing the viral nature of the Web and the rise of social media. What began as a few podcasts, RSS feeds and e-mail alerts a year or two ago has mushroomed into a more serious emphasis on developing multiple forms of distribution. One form involves helping citizens grab and share information

with one another. Another involves placing content on as many platforms as possible. Most news websites now have links attached to stories so readers can more easily share that content, and many have gone further, creating their own Twitter or Facebook accounts to put more content into consumers' hands and allow them to pass it along. News Corp. and NBC Universal jointly purchased Hulu.com—a site where users can view streaming video free of cost—giving both companies another outlet for their products. The economics of all this is unresolved and home websites still matter. The industry is also late in arriving. But the movement represents a dawning realization that the nature of the Web is something the news industry cannot fight and might even begin to employ.

■ **The concept of partnership, motivated in part by desperation, is becoming a major focus of news investment and it may offer prospects for the financial future of news.** Partly to cut costs, partly to make up for lost or more narrowly focused content and partly an effort to remain relevant, news organizations are beginning join forces with institutions they once saw as rivals. Papers in South Florida and Texas now share copy rather than simply compete. The local television affiliates of NBC and Fox are sharing video of breaking news events. Online, CBS Radio began a joint venture with AOL and Yahoo, pooling its stations together on one platform. The efforts are just taking root and, as with other experiments, there is little sign yet of how much success there could

be in attracting new audiences or revenue. But the partnerships represent a small step toward individual companies in trouble beginning to pool ideas and resources in a way they traditionally have resisted. The move toward partnership also reflects change of another sort. The appeal of a news organization in the future increasingly will be not just the content it produces but also the fuller package of information it assembles from multiple sources.

- **Even if cable news does not keep the audience gains of 2008, its rise is accelerating another change—the elevation of the minute-by-minute judgment in political journalism.** In 2008 cable news came close to becoming the primary television platform of American political discourse. It was the only medium to be a clear winner in 2008, profits rising by a third and audiences growing 38%. But with cable's singular fascination on politics, the biggest impact may be a sense of accelerating journalistic judgment. The minute-by-minute assessment of daily campaign maneuverings, mainly offered by partisan spin doctors in ways deliberately coarse and provocative, are now snap judgments about governance. The notion of a media honeymoon has become passé. The journalist who earned perhaps the most attention in Obama's first month was a cable news financial "editor" who ranted on a Chicago trading floor, became a YouTube star and accused the White House of "threatening" him when Obama's press secretary chastised him by name. Add to that the rising role of blogs, and now political fig-

ures "tweeting" from the Senate and House floor their immediate personal reactions. Even President Barack Obama has warned the press and public about listening to "cable chatter" and cautioned Republicans not to take their marching orders from Rush Limbaugh, whose role as a political leader is now news. Incrementally, it feels as if the line between unfiltered personal thought and public discourse is evaporating a little more.

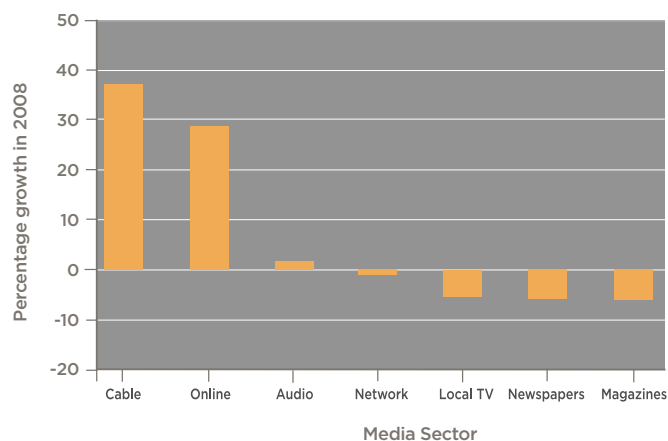
- **In its campaign coverage, the press was more reactive and passive and less of an enterprising investigator of the candidates than it once was.** In 1992, the Washington Post produced 13 major profiles examining the past record and biography of the eventual winner of the race. In 2008, the paper's ombudsman found, it produced three. At the Los Angeles Times, the number of such enterprise stories about the winning candidate fell by two-thirds. Many factors have contributed to this less pro-active press. Smaller newsrooms leave people less time for enterprise. Blogs and websites are deep wells of information, but they consume time and attention. The campaigns have become more disciplined about controlling their message, keeping their distance and putting out their own information directly to the public. Similar to 2000, most of what we know about the new president came from his campaign rather than from media enterprise. And very quickly his political agenda, whether changed by events or there but not always clear, has proved more sweeping than advertised.

# WHO FARED BEST (AND WORST) IN 2008?

**Looking across the various media sectors** at audience and economic shifts, it is clear that in 2008 cable news was the big winner. With both ad revenue and audience gains of more than 25%, the three cable news channels stood far above all other news media. Online news also showed growth in both areas, but display advertising, on which news largely depends, grew a mere 4% through the first three quarters of 2008 and was expected to show declines once year-end figures are final. And, except for very slight audience growth in audio, all other sectors saw declines in both ad spending and audience, with newspapers and print magazines faring worst.

## Audiences Turn to Cable and Web

Percentage Change in Audience, 2007 to 2008, Across Media

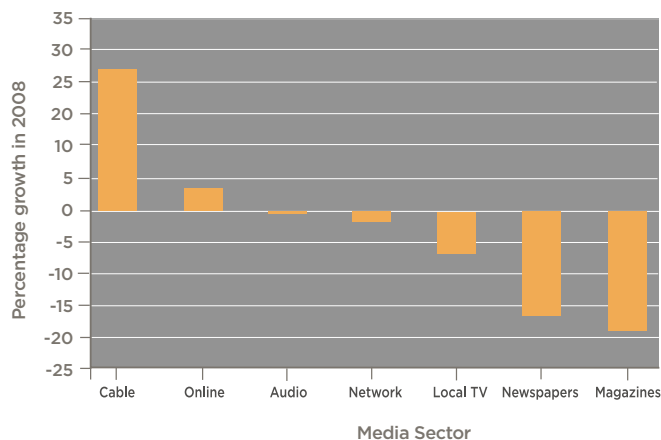


Source: Arbitron, Audit Bureau of Circulations, comScore Media Matrix, Nielsen Media Research

*Note: The various media sectors use slightly different metrics to measure economic and audience growth. In order to create the most accurate comparison here, we used the percentage change for each industry rather than total figures. Also, whenever possible we used like measurements, for instance mean audience figures from Nielsen Media Research for both cable and network news. For detailed footnotes on the sources of data, please visit the **Key Findings** section of the report online: [http://www.stateofthenewsmedia.com/2009/narrative\\_overview\\_keyindicators.php?cat=2&media=1#](http://www.stateofthenewsmedia.com/2009/narrative_overview_keyindicators.php?cat=2&media=1#).*

## Change in Ad Spending by Medium

Percentage Change in Ad Revenue, 2007 to 2008, Across Media



Source: Cable: SNL Kagan; Network: TNS Media Intelligence; Online: eMarketer; Local TV: Television Bureau of Advertising; Audio: Radio Advertising Bureau; Magazines: Publishers Information Bureau; Newspapers: Newspaper Association of America





# NEWSPAPERS

**T**he newspaper industry exited a harrowing 2008 and entered 2009 in something perilously close to free fall. Nearly all papers are now cutting so deeply and rapidly that simply coping with the economic downturn has become a major distraction from efforts to reinvent the economics of the business. The industry over all in 2008 remained profitable. The question is: can newspapers beat the clock? Can they find a way to convert their growing audience online into sufficient revenue to sustain the industry before their shrinking revenues from print fall too far?

## AUDIENCE

- Circulation fell 4.6% daily and 4.8% Sunday for the latest period compared with a year earlier to roughly 48 million copies sold.
- Traffic to newspaper websites is growing. Unduplicated Web audiences are now estimated to add 8.4% to the average newspaper's readership, making up most, but not all, of the print audience decline.
- The number of different people who visited newspaper websites each month—unique visitors—rose 15.8% to 65 million in the third quarter of 2008 from a year earlier, according to Nielsen Online. Page views rose 25.2%.

## ECONOMICS

- Total ad revenue fell 16%, to \$38 billion, in 2008. That is down 23% from just two years ago. Even online ads—once the great hope—fell 0.4% in 2008 and amounted to less than 10% of ad revenue.

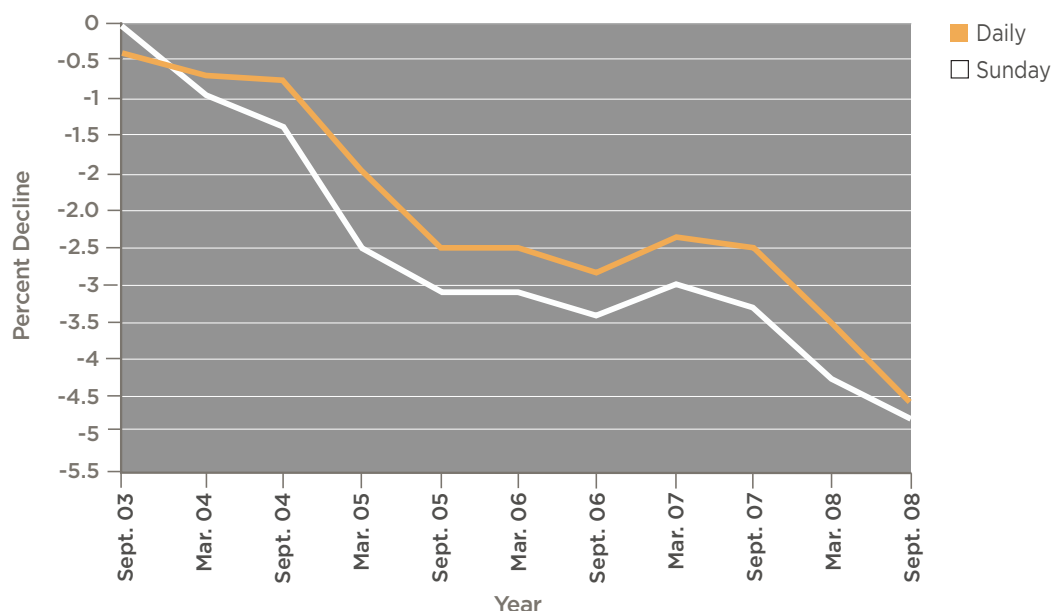
- Several papers cut back home delivery certain days of the week to save on production and delivery costs. A few stopped printing altogether, becoming online-only.
- But, going all-digital is not likely to become widespread anytime soon. Papers still make roughly 90% of their ad revenue from print and, although the numbers vary by paper, the cost of printing and delivering the printed newspaper averages only 40% of costs.

## NEWS INVESTMENT

- We estimate that roughly 5,000 full-time newsroom jobs were lost in 2008, about 10%. By the end of 2009, the newsrooms of American daily newspapers may employ somewhere between 20% and 25% fewer people than in 2001—with higher losses at big-city metros.
- The impact was especially severe on overseas bureaus, in state capitals and in Washington. Half the states no longer have a newspaper with staff based in Washington, D.C.

### Daily and Sunday Circulation Declines

Percent declines in circulation by six-month period 2003-2008



Source: Deutsche Bank Securities

## OWNERSHIP

- The stock of publicly traded newspaper companies fell 83% in 2008.
- The Rocky Mountain News closed in February 2009, and the Seattle Post-Intelligencer appeared close to following in March. There is not yet a major city without a newspaper, but that, too, could be coming soon.
- GateHouse Media was effectively broke by mid-2008, The Tribune Company filed for bankruptcy reorganization in December and Journal Register, Philadelphia Newspapers and

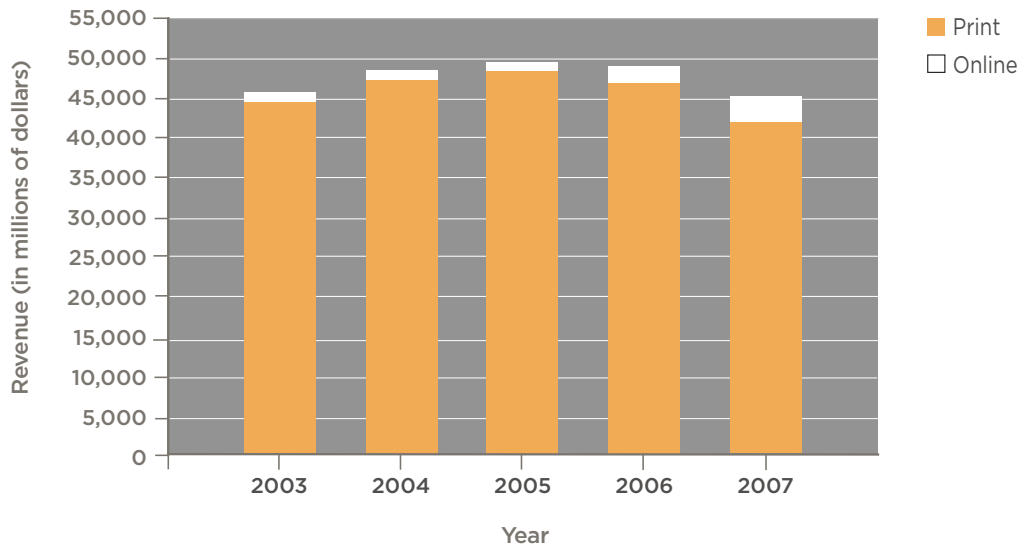
the Minneapolis Star-Tribune went into bankruptcy early in 2009.

## ALTERNATIVE WEEKLY PAPERS

- The 130 member papers of the Association of Alternative Newsweeklies reported a combined weekly circulation of 7.1 million as of June 2008, down about 400,000, or slightly more than 5%, from 2008.
- One of the largest chains of alternative weeklies, Creative Loafing, sought to restructure its debt under Chapter 11 bankruptcy.

## Print vs. Online Ad Revenues, Newspapers

2003-2007



Source: Business Analysis and Research, Newspaper Association of America



## ONLINE

**W**e may well look back at 2008 as milestone for the Web as a news destination. As a source for national and international news survey data indicates the Web surpassed all other media except television. But it became patently clear that the primary economic model that financed journalism in the old media, advertising, will not do so in the new. Online advertising over all began to slow, especially display advertising, the primary ad-revenue source for news.

## AUDIENCE

- The top 50 news websites saw traffic for the year grow 27%, according to PEJ's analysis of comScore data, while all 700 news and information sites monitored grew 7%. The top four news sites—Yahoo, MSNBC.com, CNN.com and AOL—saw average unique monthly visitors grow 22% to 132 million. That was twice the rate of increase for 2007.
- The number of Americans who said they got “most of their national and international news” online increased 67% in the last four years, according to a Pew Research Center survey.

## ECONOMICS

- Online ad spending grew to 10.6% in 2008, to \$23.4 billion, but most of that benefited Google and other providers of search advertising. Sales of banner and other display ads that news websites depend on increased just 4%.

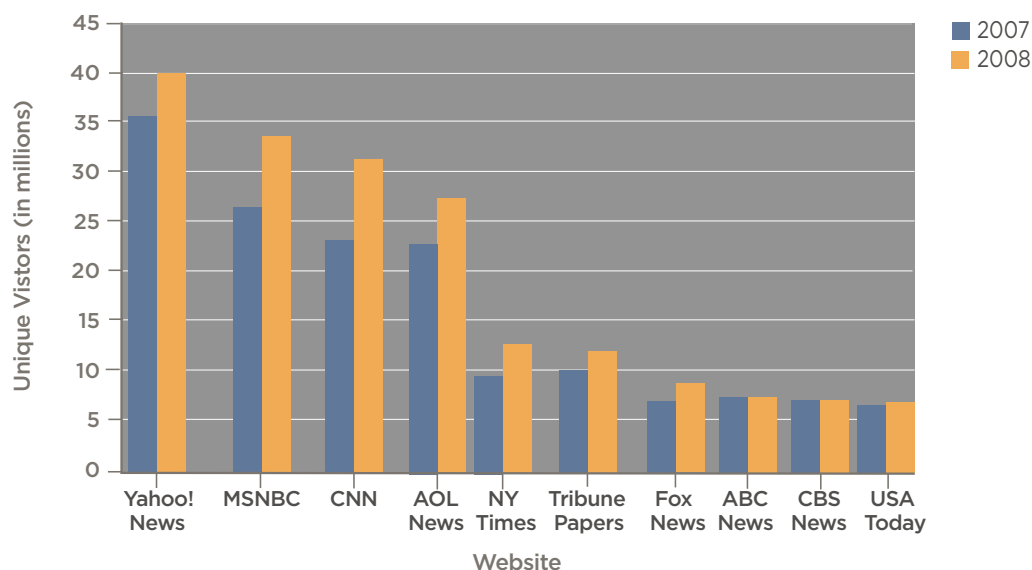
- Display ad rates are falling as the number of websites grows. The cost to reach 1,000 viewers fell by 48% in 2008 alone, to an estimated average of 26 cents.
- Over the past decade, the share of Internet advertising derived from local businesses has doubled, but most of those ads (57% in 2007) now go to national Internet-only sites like Google and Yahoo, not to local news organizations.
- Looking ahead, 2009 is expected to be the first year since the start of the decade in which some components of interactive advertising will show little or no growth, according to Borrell Associates, a media research firm.

## OWNERSHIP

- The Web is still dominated by big media. Of the 25 most-visited news websites, 22 were owned by the richest 100 media companies

### Top News Sites

Average monthly unique visitors, 2007 vs. 2008





in 2008, based on an analysis of data from Advertising Age and Nielsen Online.

- Beyond the three big companies—Google, AOL and Yahoo—mergers and acquisitions in the online media and technology sector fell 6% in number and 7% in value in the first three quarters of the year, though it remained the busiest media sector for deal making.

## NEW VENTURES

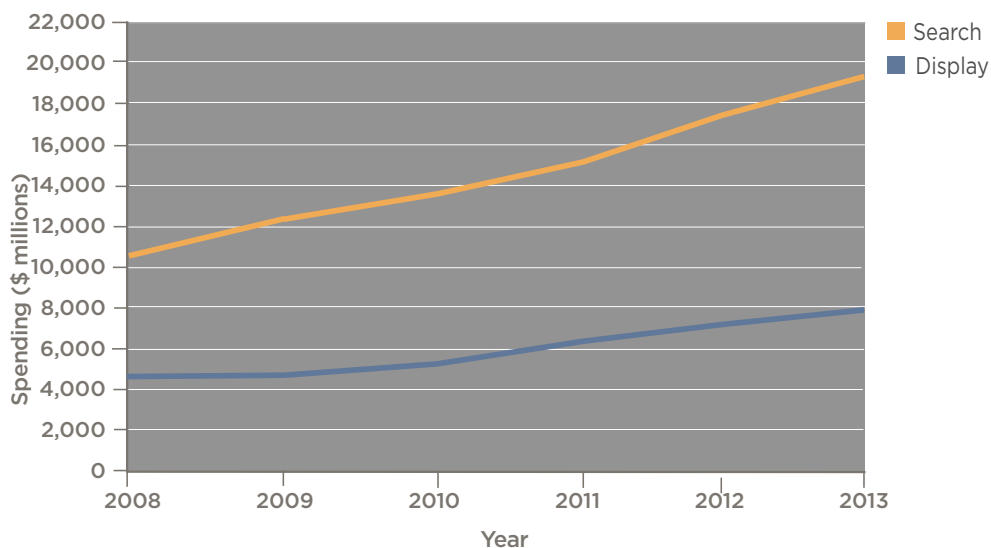
- Citizen news sites that do original reporting gained some steam in 2008, especially in areas where traditional coverage has vanished.

But they remain far from a substitute for legacy media. A study that compared citizen news sites with legacy websites and blogs found that their range of topics is narrower, the sourcing thinner, and the content often not updated even once a day. And these sites produced less news over all.

- The study found the content on the three types varied fairly sharply. Legacy sites provided the greatest percent of news (89%), close to double that of citizen news sites (56%), and three times that of blog content (27%).

## Online Ad Spending Projections

Search ads to grow faster than display ads used by news websites



Source: eMarketer, November 2008



## NETWORK TV

**T**wo years into a new generation of anchors, it is now clear that changing the cast and even the content of the programs will not change the fundamental dynamics of network news. In a big news year in 2008, audience numbers continued to fall, both for morning and evening, though more slowly than in the past. Only one of the three network news divisions, NBC, appeared to bring in a significant profit in 2008. Now, the network model of providing programming to local stations is in question.

## AUDIENCE

- The decline in the three commercial evening newscasts slowed in 2008 to just 1%—or 273,000 viewers (compared with a million lost annually over the last two decades).
- NBC Nightly News with Brian Williams became the clear leader in ratings, with an average of 8.6 million viewers, up 3% from the year before. ABC's World News Tonight with Charles Gibson lost 3% and averaged 8.1 million while CBS Evening News with Katie Couric suffered the largest audience losses, 5%, drawing an average of 6.1 million a night.
- The combined audience for the morning news programs fell for the fourth year in a row to an average of 13.1 million viewers a day. NBC's Today Show, the longtime leader, gained viewers while the others lost.

## ECONOMICS

- Network news divisions, already under long-term pressure, were hit even harder in 2008. The faltering economy sent them scrambling to trim earnings estimates and cut costs.

- It is quite possible that NBC News was the only news division in 2008 to have been a significant profit center. By one accounting, NBC, MSNBC and MSNBC.com may have returned pre-tax profits of \$400 million. At ABC and CBS, revenues were probably greater than expenses, but not by much.

## NEWS INVESTMENT

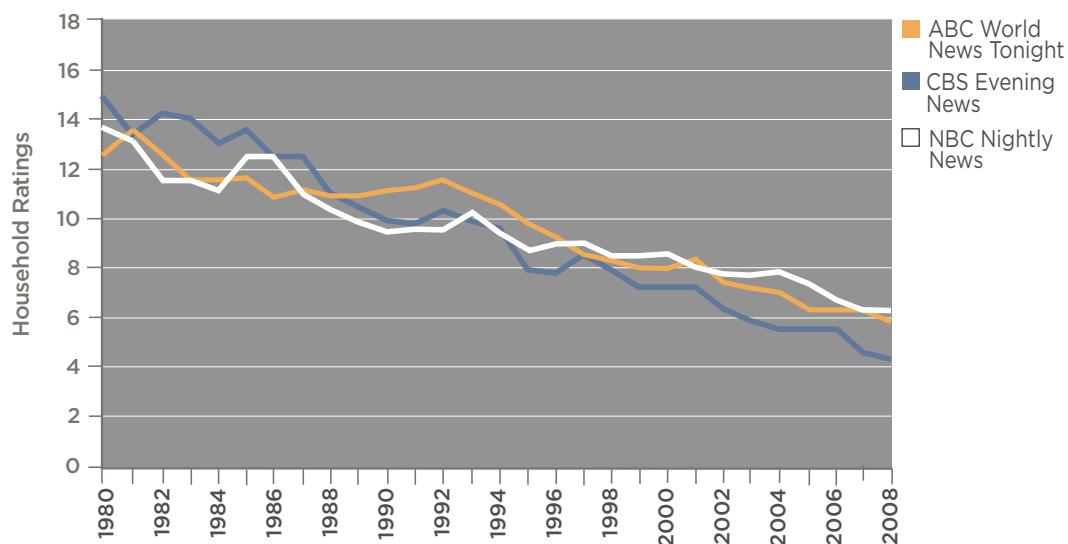
- By the end of 2008, all three networks had eliminated full time reporters in Iraq. Heading into 2009, further newsroom cuts were on the way, both at home and abroad.

## NEWS MAGAZINES

- The five television network news magazines saw their combined, average audience shrink by 7%, to 27 million, along with their share of the prime-time lineup.
- Only 60 Minutes thrived in 2008. Its weekly viewership was almost twice that of its next biggest rival.

### Evening News Household Ratings Over Time

1980-2008, November to November



Source: Nielsen Media Research, used under license



## CABLE TV

**W**hile many media sectors struggled, cable shined. CNN, Fox News and MSNBC all gained viewers and were projected to see record profits. And each expected to increase spending on news-gathering and bureaus around the world. Much of the audience gain was attributed to the presidential election, and the channels' concerted effort to brand themselves as the place to follow the campaign, but some of the audience gains continued into 2009.

## AUDIENCE

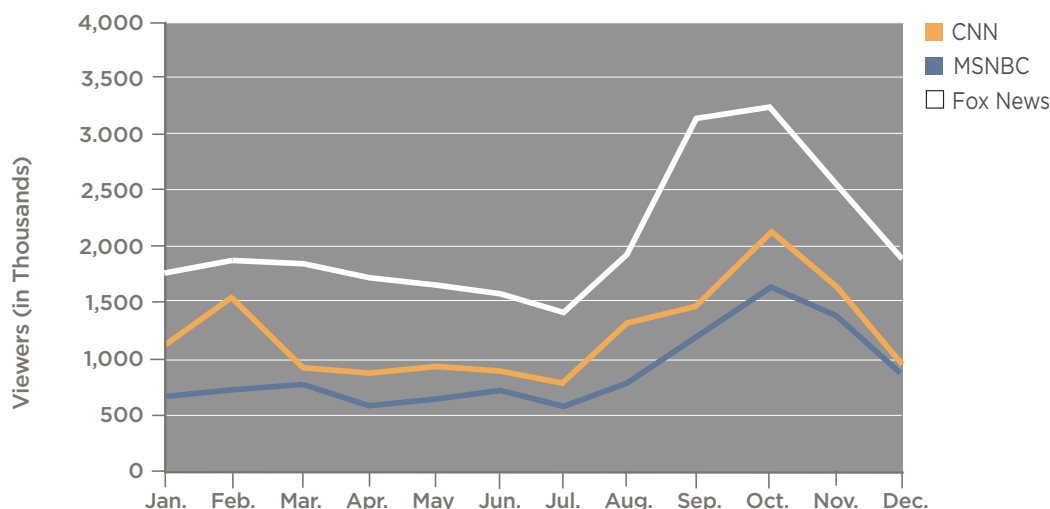
- The average or mean monthly audience of the three major news channels throughout the day and evening grew by 38%, to a new high of 2.2 million. (Median, our preferred measure, grew 26%.) After the election, the audience began to drift away. But a bump in early 2009 brought the average back up slightly.
- In primetime, the median audience across all three channels grew by 35% to 3.6 million—its highest point ever. Fox News, the ratings leader, grew the least as a percent (28%) but had the greatest net gain in viewers. CNN, up 43%, narrowed the gap with Fox News and expanded its advantage in cumulative audience—or the number of different viewers each month. MSNBC remained in last place but had the greatest rate of growth (57%) and by year's end passed Fox in cumulative audience.

## ECONOMICS

- Pre-tax profits in 2008 for the three major news cable channels were expected to grow by a third over the year before, to \$1.1 billion. A big source of the 2008 revenue gain was campaign ads, which ended with the election.
- CNN, including its sister channel HLN, was projected to earn profits of \$470 million in 2008, up 35% from 2007, according to SNL Kagan. Fox News was close behind with \$447 million in profit (up 30%). Third place MSNBC was expected to post a profit of \$135.4 million (up 23%).
- Half of cable revenues come from subscription fees built into monthly cable bills, which insulates the channels from downturns in ad rates and spending. CNN still commanded the highest rates, equal to 47 cents per subscriber per month. Fox was catching up (42 cents). MSNBC charged 15 cents.

### Cable News Prime-Time Audience in 2008

Channel by Channel, Median Audience



Source: PEJ analysis of Nielsen Media Research, used under license



## NEWS INVESTMENT

- All three major cable channels were on a pace to increase their investment in newsgathering by an average of 7%, according to estimates by SNL Kagan.
- CNN established one-person bureaus in 10 U.S. cities and announced the creation of a news service.

## OTHER CABLE CHANNELS

- Both CNBC and Fox Business Network (FBN) saw strong ratings growth and expanded programming. When the financial crisis hit full-force in September, CNBC ratings were 10 times greater than those of FBN.
- BBC America added new cable systems in 2008, expanding its reach to all 212 U.S. cable markets and 62 million homes. But its newscast, BBC World News, averaged just 151,000 viewers.
- The third major player in business cable news was Bloomberg TV. But in February 2009, the

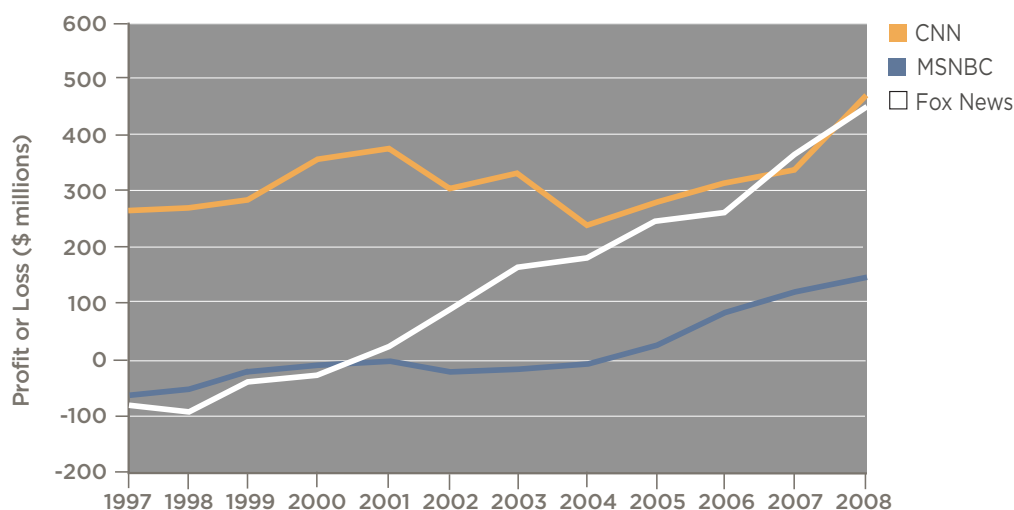
company announced it would be making its first layoffs since Bloomberg LP was founded in 1981. The layoffs — about 100 — were to be chiefly from its U.S. television and radio staff.

## DIGITAL TRENDS

- Like their television programs, the major cable news channels' websites attracted record audience in 2008, driven in a large part by the political and economic news events of the year.
- MSNBC.com remained the most popular site associated with a cable network and was second only to Yahoo News as the most-visited news site. MSNBC.com posted a 34% increase in its audience to average 39 million unique visitors per month, according to Nielsen Online.
- CNN.com remained behind MSNBC.com in audience size, but posted an audience increase of 18%, to 36.3 million unique monthly visitors.

## Cable News Profitability

1997-2008, by channel



Source: SNL Kagan, a division of SNL Financial LLC  
CNN figures include CNN Headline News; all figures are estimates



## LOCAL TV

**N**ormally local television stations can expect a windfall in election years from political advertising – and sometimes even a boost in ratings. Not so in 2008. Viewership declined or was flat for most newscasts, and projections called for revenue to fall from 2007, a non-election year. By some estimates, profit margins were reduced by 40%. There were even signs during the year that the traditional relationship between networks and their affiliates could be nearing an end.

## AUDIENCE

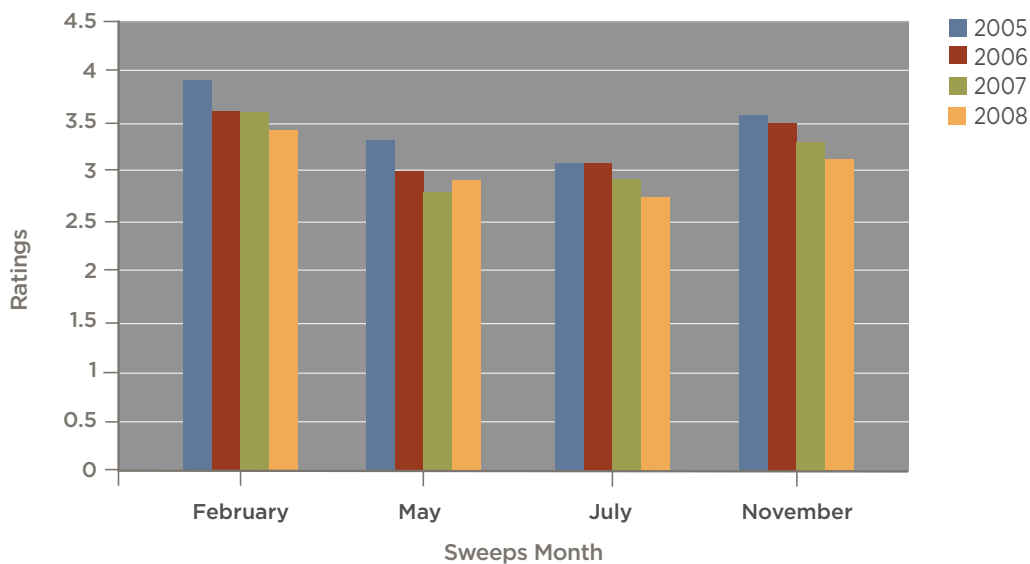
- Local television remained the nation's most popular source for news in 2008, but, on a percentage basis, it was among the biggest losers in audience. Just over half of Americans are now regular viewers (52%), according to a Pew Research Center survey, down from nearly two-thirds (64%) a decade earlier.
- Viewership of local evening newscasts, those around the dinner hour, fell by an average of 4.5%, according to a PEJ analysis of Nielsen ratings data. In late news, after prime time, the numbers fell in all four sweeps periods. Morning and mid-day newscasts held stable.
- Share, the percentage of people watching television who are tuned to local news, also fell three of the four sweeps months for early evening newscasts.

## ECONOMICS

- Local television ad revenue fell 7% from the year before, and was expected to fall another 7% to 11% in 2009, according to the Television Bureau of Advertising. Stations were particularly hurt by the collapse of the auto industry, its biggest advertiser, and political advertising totaled a disappointing \$2 billion—the same as in the mid-term election year of 2006.
- Station owners faced growing competition from local cable channels for advertising. For 2007 to 2012, local ad revenue is projected by media analysts Veronis Suhler Stevenson to grow at a compound annual growth rate of 8.8% for local cable, and only 0.2% for local television.
- The delay in the switch to digital transmission from February 2009 to June added to financial strain; stations had to pay to keep analog equipment working and delay digital upgrades.

### Average Early Evening News Ratings

Sweeps Months, 2005-2008



Source: Nielsen Media Research, used under license  
Note: Numbers represent ABC, CBS, Fox and NBC affiliates

## NEWS INVESTMENT

- Stations reported that they expected to air the same amount of news in 2008 as the year before: an average of 4.1 hours each weekday. A majority expected no increase in 2009, either. This represents a reversal from prior years.
- Fewer stations reported hiring, and the median staff size slid to 28 from an all-time high of 30 the year before, according to a 2007 survey of news directors. By the end of 2008, layoffs were accelerating. There was evidence that high-priced anchors were especially vulnerable to cutbacks.

## OWNERSHIP

- With credit tight and revenues declining, the number of television stations sold was half the

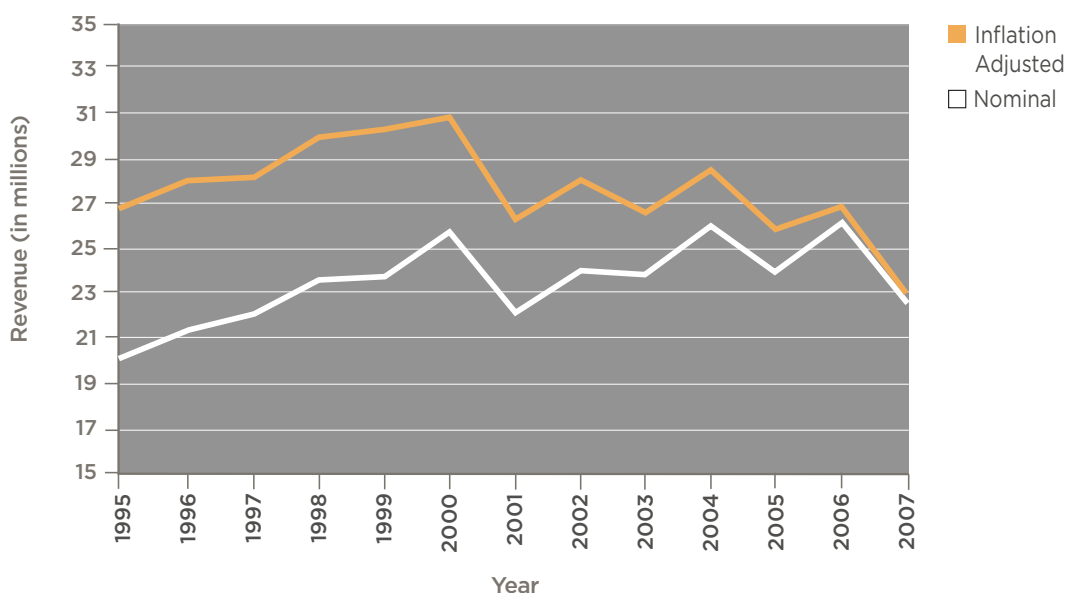
figure reported the year before and the lowest since 2004. According to one account, 96 stations were sold from January to December 2008, with a total value of \$866 million. This compared with 294 in all of 2007 for a value of \$2.9 billion. The stock values of publicly traded companies that own stations also plunged.

## DIGITAL TRENDS

- Growth in online advertising revenues from websites owned by local television stations slowed sharply in 2008. In March, the market research firm Borrell Associates projected 47% growth (to \$1.1 billion industry-wide), but reduced those expectations eight months later to 8% (to about \$833 million).

### Average Station Revenue

1995-2007, Average Across All Stations That Produce News



Source: BIAfN MediaAccess Pro  
Inflation adjustment is based on 2007 dollars



# MAGAZINES

**F**or American news magazines, 2008 may be seen as the year when the traditional mass audience model finally collapsed. U.S. News & World Report effectively abandoned the weekly print news magazine format in favor of producing monthly guides, leaving news coverage to its website. Newsweek announced in February 2009 that it was remaking itself into a niche publication. Time continued to straddle two worlds, keeping a smaller but still large audience base while shifting to more thematic coverage driven by columnists and analysis.



## AUDIENCE

- Of the eight news magazines PEJ tracks, circulation dropped 4.8%, according to the Audit Bureau of Circulations. Newsweek fell the most, down 13% to 2.7 million copies per week in the first six months of 2008, from the same period in 2007. U.S. News & World Report fell 10% to 1.8 million. Time had a negligible decline, down three-tenths of 1 percent, to 3.4 million.
- The Economist added circulation for the third year in a row, up 8% to an average of 747,254 per issue in the first six months of the year versus the same period a year earlier. The Week increased 2%, to more than 500,000. The Atlantic was up 12% to nearly 400,000.
- Over all, the audience for magazines of all kinds decreased by 7% in 2008.
- According a survey by the Pew Research Center, less than a quarter of American adults said they read a magazine of some kind the day

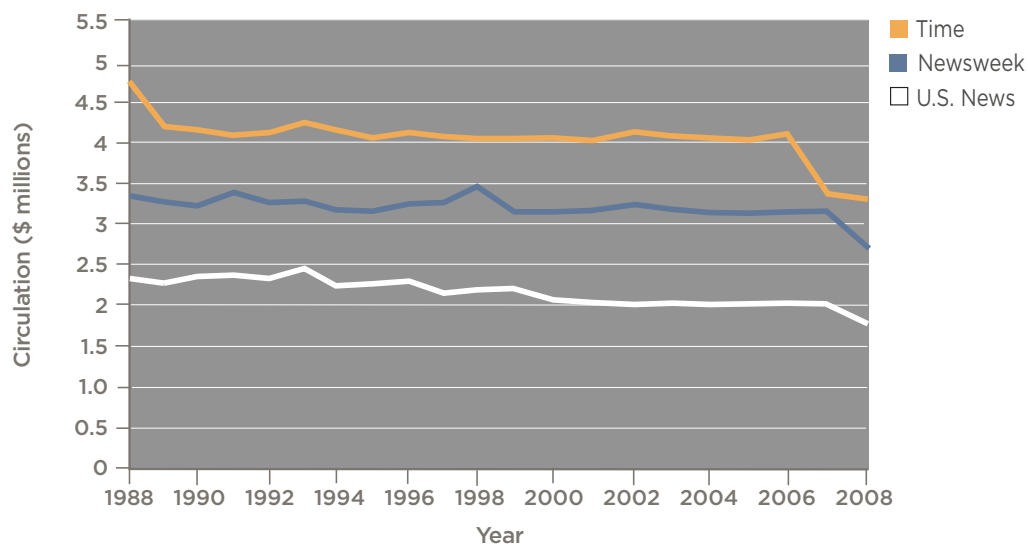
before—down from a third in 1994. For news magazines specifically, 12% reported reading one “regularly,” down 2 percentage points from 2006.

## ECONOMICS

- Ad pages were down 16% for news magazines in 2008 compared with the previous year, according to estimates from the Publishers Information Bureau. Just one news magazine studied, The Economist, succeeded in increasing ad pages in 2008.
- Both Time’s and Newsweek’s ad pages were down 19%. U.S. News & World Report’s ad pages fell 32%.
- Across the 251 magazines analyzed by the Publishers Information Bureau, ad pages were down 12% through the first three quarters of 2008, compared with a 1% drop in the same period in 2007.

### Circulation For the Big Three News Magazines Over Time

1988-2008



## OWNERSHIP

- For the second year in a row, fewer new magazines were introduced and sales dwindled. There were 42 mergers and acquisitions among consumer magazines, a drop of 25% from the year before and the smallest total since 2001, and the value of the deals fell a staggering 97%.
- Advance, owner of Condé Nast magazines, was the top-earning magazine owner based on 2008 rankings, with \$3.9 billion in revenue, topping Time Warner's magazine division, Time Inc., at \$3.6 billion. Hearst followed with \$2.3 billion.

## OPINION TITLES

- As the Democratic tide rose in 2008, the conservative opinion magazines National Review and The Weekly Standard both boosted circulation, while the liberal journals The Nation and The New Republic saw slight declines.

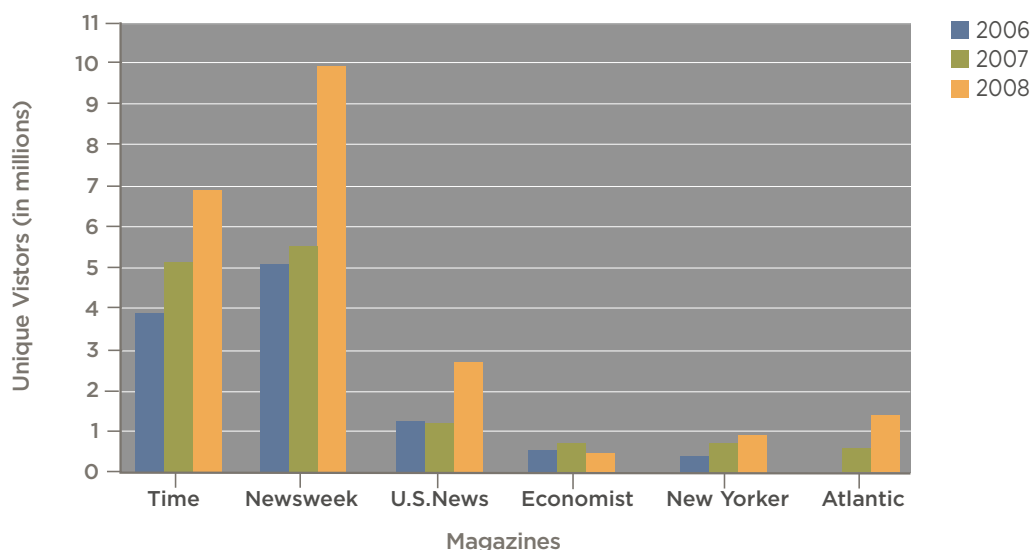
- Less than two years after selling The New Republic to Canada's largest media company (CanWest), long-time editor-in-chief Martin Peretz emerged among a group of private investors who bought it back in early 2009.

## DIGITAL TRENDS

- According to Veronis Suhler Stevenson, digital ad revenue represented just 2% (\$542 million) of all magazine revenue in 2007, compared with 41% from circulation (\$10 billion) and 58% (\$14 billion) from advertising.
- The share from digital revenues was projected to increase to about 3% in 2008, but the growth rate is expected to taper off over the next four years. In short, the Web will not be the future of the magazine industry, at least according to current view.

## Unique Monthly Visitors for Select Magazine Web Sites

November 2006; November 2007; November 2008



Source: Nielsen

In November 2006 The Atlantic did not meet the minimum requirement for measurement



# AUDIO

To a greater degree than some other media, radio seems well suited to the digital transition. Voice and music move easily on new platforms. And audio has done better at holding its audience than some other sectors. Traditional AM/FM radio is still the dominant way people listen, although its hold has been slipping as people tune in from computers and mobile devices and shift toward listening to what they want, when they want it. How news will fare amid the changes remains to be seen.

## AUDIENCE

- AM/FM radio audiences either grew slightly or fell depending on how you count them. Arbitron reported a small rise in the audience for news and talk programs, up 2% to 48 million. But Pew Research Center survey data show small declines in the number of people who said they listened to radio news the day before (to 35% in 2008 from 36% in 2006).
- Sirius XM, the satellite radio company forged in the merger of the industry's two pioneers, expected to finish the year with 9.2% more subscribers than the two companies had the year before.
- Podcasting is growing. According to survey data from Pew Internet and American Life Project, 19% of people reported they had downloaded a podcast in 2008; up from 12% in 2006. Of the top 10 most listened-to podcasts, only 3 are categorized as news and politics.

## ECONOMICS

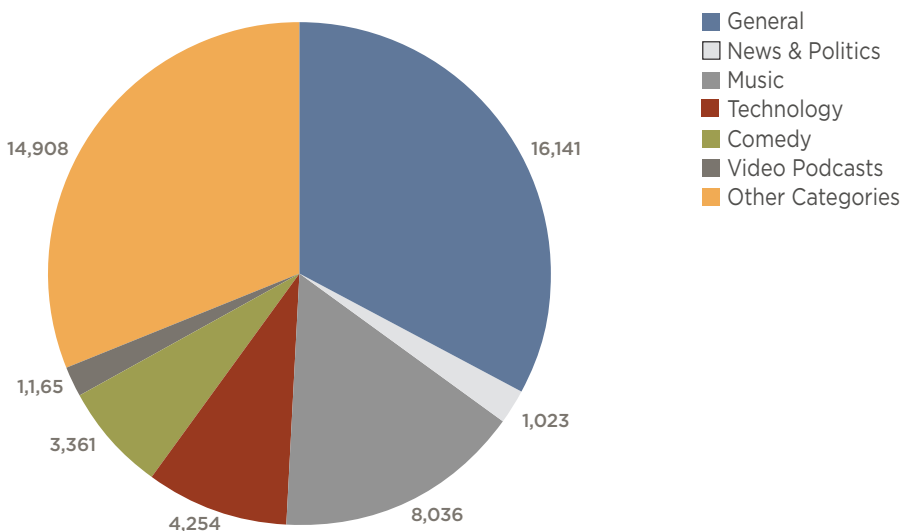
- Traditional radio revenue fell 7% in the first nine months of 2008, compared with the same period of 2007, according to the Radio Advertising Bureau. That is more than three times the 2007 drop, with both local and national advertising in decline.
- Those drops were mitigated by gains in revenue from other sources associated with radio stations, particularly Internet, billboards, concerts and other off-air sources. But the vast majority, 90%, still comes from on-air revenues.

## NEWS INVESTMENT

- Radio news, already operating at a fraction of the size it did decades ago, seems headed into another period of contraction brought on by drops in local ad spending. Newsrooms—which already average only slightly more than two people while producing news for three stations—were expected to shrink further.

### Top Podcast Topics, December 2008

Number of Podcasts



Source: [www.podcastalley.com](http://www.podcastalley.com)

- Even the nonprofit National Public Radio announced layoffs—7% of its staff of nearly 900—and canceled two programs.
- In 2007, the number of minorities working in radio rose to 12%, up from 6% a year earlier, according to the survey data from Hofstra University and the Radio Television News Directors Association. Those changes could be a function of vagaries in the sample, but in any event indicate a relatively low percentage.

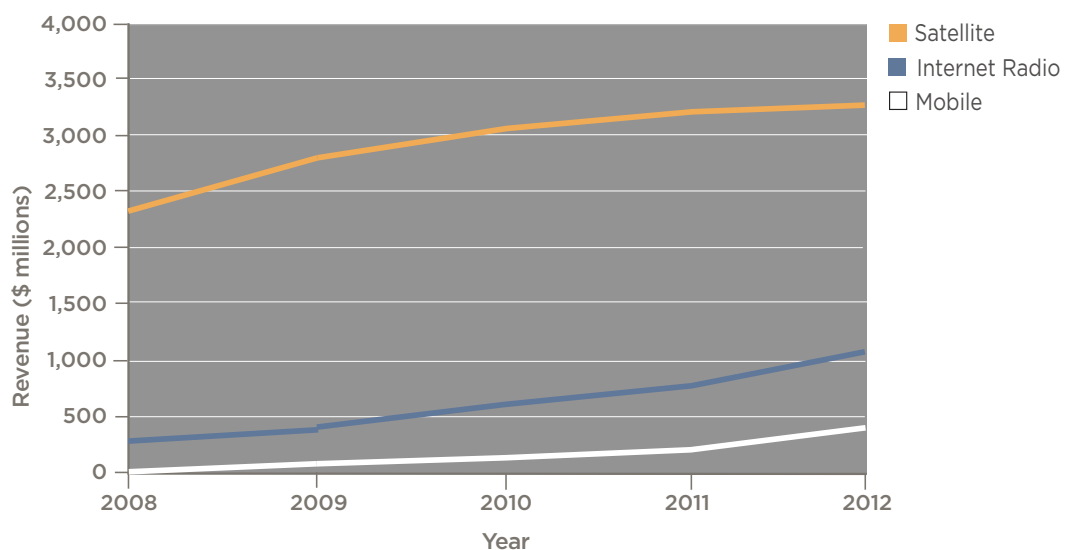
## OWNERSHIP

- While the biggest player, Clear Channel Communications, completed its sale to private equity investors in 2008, an expected surge of such deal making failed to materialize.
- In satellite radio, the two pioneers joined to form Sirius XM Radio, but the wilting economy soon forced them to accept a white knight investor to avoid defaulting on debt payments.

## TALK RADIO

- The number of radio stations that carry at least some talk shows, which includes everything from political talk to advice, grew by a third in 2008, to 2,056 from 1,370 the year before, according to Inside Radio magazine.
- Many of the leading conservative talk hosts had audience growth in 2008. Rush Limbaugh, whose average weekly audience had shrunk in 2007, rebounded somewhat in 2008. For the year, according to Talkers Magazine, Limbaugh reached a weekly audience of 14.25 million, just shy of an all-time high of 14.5 million in 2003. Sean Hannity added almost a million listeners, hitting 13.25 million.
- The news was not so good for liberals. The biggest syndicated liberal talker, Ed Schultz, was down to 3 million listeners, from 3.25 million in 2007, according to Talkers Magazine.

Audio Revenue: Growth Projections  
2008-2012



Source: Veronis Suhler Stevenson, "Communications Industry Forecast 2008-2012"





## ETHNIC

**F**or a sector that had been among the brighter spots in journalism, ethnic media's year might best be described as bittersweet.

There were stories of revenue losses, business closings and reorganizations, and also of ethnic media faring better than the mainstream press. Barack Obama's candidacy led to substantial investments in news coverage by African American and Hispanic media. And some sectors of the Spanish-language media saw an increase in campaign ad dollars. As signs of the recession deepened, however, the prospect of further losses in ad revenue posed a particularly serious threat to smaller organizations.

## HISPANIC

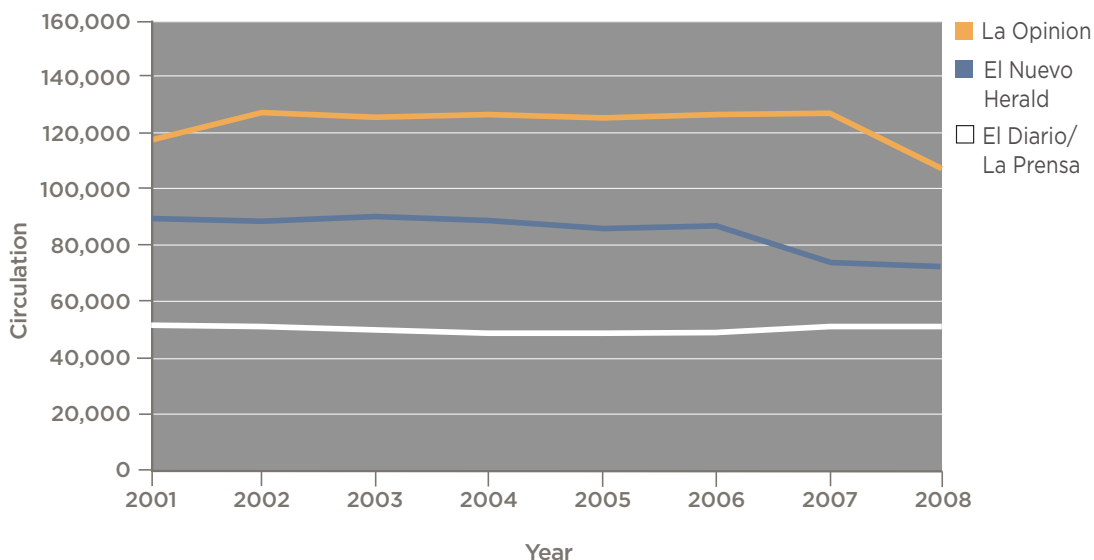
- Of the three biggest Spanish-language dailies, two experienced slight circulation declines but not nearly the 4.6% drop experienced by mainstream newspapers in the United States. The third, and biggest, La Opinión of Los Angeles, dropped considerably, something the editor attributed to a price increase.
- ImpreMedia, a group of Spanish-language newspapers, launched Impre.com, a major on-line news portal hoping to appeal to the growing number of Hispanics online.
- In television, Univision again outperformed its English-language counterparts in prime-time programming and in news ratings in key markets. Its rival, Telemundo, enjoyed a boost in ratings and struck a deal to export programming to Mexico.
- Seattle's Sea Latino launched national editions in key markets with the ambitious goal of being the "USA Today of the nation's Hispanics."

## AFRICAN AMERICAN

- Among the 189 papers that belong to the Black Press of America, average weekly circulation was 250,000—half of what it was in 2000. One of the last of the African American dailies, the Chicago Defender, converted to a weekly publication cycle.
- Among magazines, Ebony's circulation increased 3% to 1.5 million. Jet increased 2% to 929,599. And Black Enterprise, a business magazine, had an increase of 2%, to 530,655 copies.
- All three black cable networks extended their reach—or availability in households—in 2008 according to data from SNL Kagan. The biggest, BET, was available in 90.5 million households in 2008, an increase of 3%.
- Radio One, the largest black-owned radio broadcasting company that targets African American and urban listeners, reported growing losses that prompted the company to sell some stations and invest in digital businesses.

### Circulation of Major Spanish-Language Dailies

For the six month period ended September 30, 2001-2008



Source: Audit Bureau of Circulation publisher's statements

## ASIAN AMERICAN

- Asian print media saw success in some quarters—particularly large papers and online—and trouble in others. But one of its largest weekly newspapers, AsianWeek, folded.
- New Tang Dynasty, a New York-based nonprofit that described itself as the only independent television station broadcasting into China, found itself effectively blocked from that country in a dispute with the Chinese authorities.
- Cable giant Comcast closed AZN Television, which had been promoted as a “network for Asian America.”

- An effort to expand radio ownership among Native Americans bore fruit in 2008. Thirty-eight tribes and organizations filed a total of 51 license applications with the FCC and 29 of those applications had been granted construction permits at the end of 2008 for new radio stations.

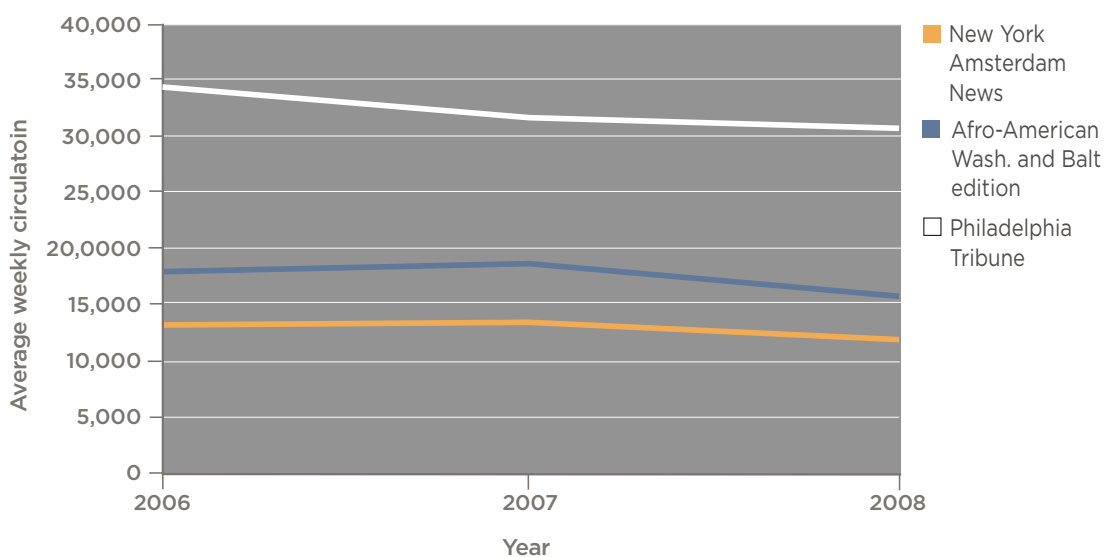
## ARAB AMERICAN

- The number of Arab American newspapers increased 10% to 85 in 2008, according to the National Arab American Journalism Association.
- At the end of 2008, Al Jazeera English was available in three cable markets—Toledo, Ohio, Burlington, Vt., and the District of Columbia. It is also available in the U.S. on digital satellite on GlobeCast World TV.

## NATIVE AMERICAN

- Native American media enjoyed a milestone in 2008 with the debut of the first tribal cable network.

Circulation of Top African American Newspapers  
2006-2008



Source: Audit Bureau of Circulations Publisher's Statements for the six-month period ending September 30

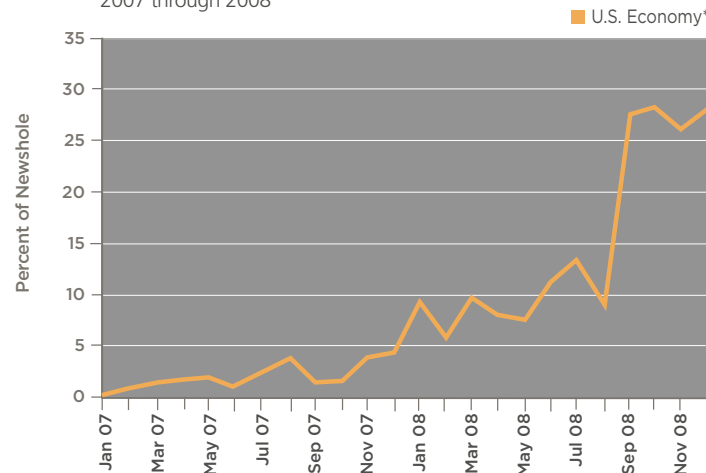
## A YEAR IN THE NEWS

What kind of news menu did the mainstream media offer the public in 2008? An analysis of about 70,000 stories from 48 separate news outlets in five different sectors identifies key characteristics of coverage in a year dominated by two mega-stories. Among the findings overall:

- The media were slow to track and recognize the dimensions of an economic downturn, and largely did not see the banking and financial crisis coming. In the second quarter of the year, fully 47% of all the economic coverage PEJ studied concerned rising gas and energy prices, an issue that was not central to the economy's problems. The press also drifted away from covering the economy right before the September collapse. In August, the economy filled just 5% of the newshole—down from 11% in June and 14% in July and its low point for the year.
- What was a narrow news agenda in 2007 constricted even further in 2008. Two stories—the presidential election and economic crisis—accounted for half of all the coverage studied last year. A year earlier, the top two stories (the Iraq war and the campaign) filled about half that much space. At the same time, media attention to a range of foreign and domestic topics in 2008 decreased. Coverage of Iraq dropped by more than 75%.
- Cable news provided the most limited range of coverage in 2008. Roughly two-thirds of the cable prime-time programming studied (65%) was devoted to the election—almost twice as much as the media over all. And within the cable universe, MSNBC lived up to its “Place for Politics” slogan by devoting 80% of its prime-time air on the election, far more than CNN (62%) and the Fox News Channel (57%).
- The ideological leanings of the cable hosts not only affected what they said about the candidates but what aspects of the campaign they talked about. On the Fox News programs hosted by conservatives Bill O'Reilly and Sean Hannity, for example, Barack Obama's connec-

### Economy Coverage Over Time

2007 through 2008



Source: PEJ, A Year in the News, 2008

\*Includes stories about the financial crisis, economic issues, gas/oil prices, auto industry, and Freddie Mac/Fannie Mae.

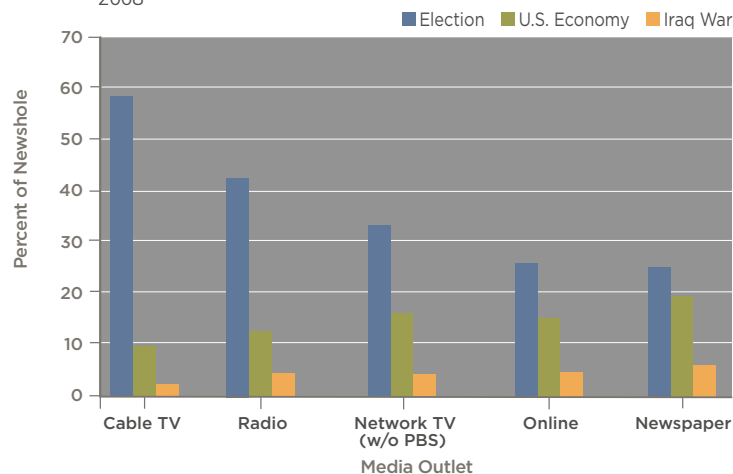
tion to Reverend Jeremiah Wright was the top campaign storyline of the year. On the MSNBC shows hosted by liberals Keith Olbermann and Rachel Maddow, by contrast, a favored subject (No. 2 after the economy) was John McCain's attacks on Obama.

- By mining the local angle to big stories, the nation's smaller daily newspapers (circulation under 100,000) provided more coverage of both the economic meltdown and the war in Iraq than their bigger print counterparts. They offered the most front-page newspaper coverage of the economic meltdown (26% vs. 18%), and the Iraq war (8% vs. 5%)—largely by portraying the impact of these stories in their own communities.
- The morning and evening network newscasts provided substantially different coverage of the election. The morning shows Today, Good Morning America and the Early Show devoted more airtime to the election (37% versus 27% on their evening counterparts). They also focused more on the horse race aspects of the campaign (70% compared to 59% at night), and less on policy issues (11% vs. 15% in the evening).

- When it came to the election, both Hispanic and African American media acted as advocates, teachers and even watchdogs more than the mainstream press did. Indeed, Spanish-language and African American newspapers devoted more than twice the space of English-language ones to explaining specifics on voting—such as necessary documents and when polls close.
- The online sector distinguished itself by its commitment to foreign news, even in a year in which such coverage dropped across the board. The news sites studied devoted more than a quarter of their newshole (27%) to global events and foreign affairs, more than any other media sector and much more than in the press over all (17%).
- The radio headlines (from CBS and ABC)—which deliver a quick but broad digest of daily events—diverged dramatically from the media over all in two major areas. These headline services devoted only 16% of the time studied to elections and politics, less than half that of the media overall (34%). And they offered substantially more coverage of economics and business (25% versus 15% over all.)

## Top Stories: Cable vs. Other Media Sectors

2008



Source: PEJ, A Year in the News, 2008

Note: Election includes stories about the campaign, results, and the transition  
 U.S. Economy includes stories about the financial crisis, economic numbers, gas/oil prices, auto industry, and Freddie Mac/Fannie Mae  
 Iraq War includes stories about Iraq policy debate, events in Iraq, and Iraq homefront

